

Message Text

LIMITED OFFICIAL USE

PAGE 01 LISBON 01151 030856Z

17

ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 EB-07 FRB-03

INR-07 NSAE-00 TRSE-00 OPIC-03 SP-02 CIEP-01 OMB-01

PA-01 PRS-01 SSO-00 INRE-00 /048 W

----- 122161

O R 030803Z MAR 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 1916

INFO USDOC WASHDC

AMCONSUL OPORTO

AMEMBASSY VIENNA

LIMITED OFFICIAL USE LISBON 1151

COMMERCE FOR MAJOR EXPORT PRODUCTS DIVISION (MEPD-MR. LU)

VIENNA FOR MR. DIETZ

DEPT PLEASE PASS TO EX-IM BANK TO MR. GLICK

E.O. 11652: N/A

TAGS: BEXP, PO

SUBJ: EX-IM CREDIT TO PETROSUL

REF: STATE 34405

1. CONVERSATIONS WITH PROCON REPRESENTATIVE AND PETROSUL OFFICIALS INDICATE THAT BOTH FIRMS HAVE PROBLEMS WITH ABOVE CREDIT/GUARANTEE AUTHORIZATION. MAJOR PROBLEM IS THAT AUTHORIZATION IS ONLY FOR 30 PCT FINANCING AND 30 PCT GUARANTEE RATHER THAN REQUESTED 45PCT/45PCT PACKAGE. IN ADDITION TO LESS FUNDS THAN EXPECTED, THIS REDUCED PACKAGE APPEARS TO CREATE OBLIGATION ON PETROSUL'S PART TO BORROW DOLS 4.5 MILLION WHICH WILL BE IMPOSSIBLE GIVEN REFUSAL OF GOP TO GUARANTEE CREDITS TO PETROSUL. (GOP GUARANTEE OF THIS CREDIT WOULD NECESSITATE GUARANTEE ON ALL OTHER LOANS TO PETROSUL UNDER "MOST FAVORED CONDITIONS"

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LISBON 01151 030856Z

CLAUSE OTHER SUPPLIERS CONTRACTS.) PETROSUL/PROCON STATE THEY NOW

ABLE TO CONTINUE PROJECT WITHOUT THIS DOLS 4.5 MILLION NON-GUARANTEED PORTION. SECONDLY, BECAUSE WORK SCHEDULE FOR REFINERY EXTENDED FROM 28 MONTHS TO 37 MONTHS AND LAST DRAWDOWN DATE NOW SCHEDULED TO BE SEPTEMBER 1977, DECEMBER 1976 DATE FOR FIRST REPAYMENT IS UNREALISTIC. MORE APPROPRIATE DATE WOULD BE NOVEMBER 1978 FOR FIRST REPAYMENT. FINALLY, 8 PCT INTEREST RATE ON CREDIT AND HIGHER THAN 8 PCT RATE ON GUARANTEE FUNDS COMPARES UNFAVORABLY WITH FRENCH 12 YEAR, 6 3/4PCT TERMS AND BRITISH 8-9 YEAR, 6-7 PCT TERMS.

2. SUGGESTED SOLUTION TO ABOVE IS AS FOLLOWS: PROJECT WOULD BE REDUCED TO DOLS 10 MILLION WITH DOLS 1 MILLION DOWNPAYMENT AND CONTINUED CREDIT OF DOLS 4.5 MILLION AND GUARANTEE OF DOLS 4.5 MILLION. ABSOLUTE AMOUNT OF EX-IM EXPOSURE REMAINS UNCHANGED, US EXPORT VALUE REMAINS UNCHANGED AND PETROSUL WILL NOT BE FACED WITH OBLIGATION ON OTHER DOLS 4.5 MILLION, WHICH WILL ALLOW THEM TO SELL GOP ON UTILIZING REST (DOLS 9 MILLION) OF PACKAGE.

3. EMBASSY STRONGLY RECOMMENDS ADAPTION OF ABOVE SUGGESTION OR SIMILAR ALTERNATIVE WHICH WOULD RESULT IN FINANCING DOLS 9 MILLION OF US EXPORTS OF GOODS AND SERVICES. SUCCESSFUL COMPLETION OF FINANCING ARRANGEMENT FOR THIS PROJECT PARTICULARLY IMPORTANT GIVEN CURRENT POLITICAL SITUATION AND USG POLICY TO BE HELPFUL IN EVERY POSSIBLE WAY. WE RECOGNIZE THAT SCARCITY OF TOTAL EX-IM FUNDS MAKE 30 PERCENT FINANCING CONCEPT BENEFICIAL IN ALLOWING GREATER COVERAGE, BUT HOPE THAT EX-IM, IN ACCORDANCE WITH USG DECEMBER STATEMENT OF SUPPORT FOR PORTUGAL, WILL GIVE MOST SYMPATHETIC CONSIDERATION TO ABOVE SUGGESTED PACKAGE, ESPECIALLY IN VIEW OF FACT ABSOLUTE EXPOSURE REMAINS SAME.
CARLUCCI

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 03 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LISBON01151
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750073-0610
From: LISBON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750389/aaaadchm.tel
Line Count: 91
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 34405
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 07 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 APR 2003 by KelleyW0>; APPROVED <08 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EX-IM CREDIT TO PETROSUL
TAGS: BEXP, PO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006